

2025-27 Multifamily Housing Unit Funding Overview ("Biennial Investment Strategy")

General

The 2025-27 Biennial Investment Strategy explains how the Multifamily Housing Unit (MHU) plans to administer the capital funds appropriated in the 2025 legislative session (for investments in Homeownership projects, please see the Homeownership Unit (HOU) investment strategy). MHU endeavors to be pro-equity, quality driven, collaborative and relationally driven. The team is focused on making conditions for affordable housing residents the best in the nation ([MHU strategic priorities](#)).

Guidance for any specific funding round will be provided in the Notice of Funding Availability (NOFA) published for that round. We hope our communities and applicants find this document useful for planning and preparations for the two-year cycle.

For informational purposes, the [HTF Handbook](#) represents the current policy of the affordable housing programs, specifically the multifamily housing program of the Department of Commerce (Commerce).

We structured this overview to include sections of specific areas that are most relevant to the development community and reflect the most critical potential changes, including:

- Timeline
- Application Workshops and Training
- Regional Distribution
- Per Project and Per Applicant Limits
- By and For Investments
- Budget: Special considerations by Funding Source
- Application Scoring Criteria

Acronym Guide:

AHAH = Apple Health and Homes Capital

CFA = Combined Funders Application

CHDO = Community Housing Development Organization (HUD designation)

HOME = Federal HUD Program

HTF = Housing Trust Fund (State Resources)

IDD = Housing for persons with Intellectual and Developmental Disabilities

LIHTC = Low Income Housing Tax Credit

NHTF = National Housing Trust Fund (Federal)

RCH = Rapid Capital Housing

Timeline

Commerce plans to publish NOFAs for several capital funding sources for multifamily housing. This includes the Washington State Housing Trust Fund (HTF), the Federal HOME & National Housing Trust Fund (NHTF) programs, funds reserved for projects serving persons with Intellectual and Developmental Disabilities (IDD), and the Apple Health and Homes (AHAH) program for permanent supportive housing. Other fund sources, such as Housing Portfolio Preservation, Continuing Affordability, and Rapid Acquisition for Conversion (HPP, CA, and RCHA, respectively), will be released via separately published NOFAs.

In future application cycles, Commerce will strive to release a preliminary investment guide within four weeks of the end of the legislative session, followed by a four-week public engagement process and four weeks to integrate comments into final application materials. This would place NOFA releases approximately three months post-legislative session, requiring adaptation and adjustments from many partners in future funding years.

2025 Funding Cycle:

Program	Amount*	Source	NOFA Release Date	Applications Due Date	Award Announcement Date
HOME & NHTF	\$7,857,698	Federal	July 18, 2025	Oct 16, 2025	Jan 15, 2026
HTF (Traditional)	\$112,230,000*	State	July 18, 2025	Oct 16, 2025	Jan 15, 2026
AHAH Capital	\$58,200,000*	State	July 18, 2025	Oct 16, 2025	Jan 15, 2026
IDD	\$29,100,000*	State	July 18, 2025	Oct 16, 2025	Jan 15, 2026
HTF Housing Preservation Program (HPP)	\$24,100,000*	State	December 15, 2025	February 13, 2026	Mar 30, 2026
Continuing Affordability (CA)	\$5,000,000*	State	December 15, 2025	February 13, 2026	Mar 30, 2026
HTF Pre-development	\$1,746,000*	State	October 15, 2025	December 12, 2026	February 15, 2026
TOTAL	\$238,233,698				

*Amounts include Commerce's 3% Admin Allowance

2026 Funding Cycle:

Program	Amount	Source	NOFA Release Date *minimum of 90 days after Leg Session	Applications Due Date	Award Announcement Date
HOME & NHTF	\$6,120,000*	Federal	June 22, 2026	Sept 10, 2026	Jan, 2027
HTF (Traditional)	\$74,820,000**	State	June 22, 2026	Sept 10, 2026	Jan, 2027
AHAH Capital	\$38,800,000**	State	June 22, 2026	Sept 10, 2026	Jan, 2027
IDD	\$19,400,000**	State	June 22, 2026	Sept 10, 2026	Jan, 2027
Tribal Housing Set-aside***	\$21,500,000*	State	TBD	TBD	TBD
HTF Housing Preservation Program (HPP)	\$19,400,000**	State	December, 2026	February, 2026	March, 2027
HTF Pre-development	\$1,164,000**	State	Mid Oct, 2026	January, 2027	March, 2027
TOTAL	\$181,204,000				

*Approximate Amounts, and are subject to Federal allocations

** Amounts include Commerce's 3% Admin Allowance

*** Future announcements will be made regarding the Tribal Set-aside NOFA. Commerce's Multifamily Housing Unit and Office of Tribal Relations are currently coordinating to conduct Community Outreach in order to thoughtfully administer the Tribal Set-aside funding in a manner that represents the voices of our Tribal Communities throughout the State.

Applications including 4% and 9% Low Income Housing Tax Credit (LIHTC) financing will be accepted and reviewed, but award recommendations for projects including 4% financing will be conditional pending the outcome of the Washington State Housing Finance Commission's (WSHFC) review. Commerce may request updated budgets from projects when applications are submitted to WSHFC.

Pre-Application Clinics and 1:1 Sessions

Informational Interviews:

Commerce hosts informal pre-application consultations with organizations interested in sharing information about their potential projects and exploring eligibility for Commerce funds when possible. These are not required and do not contribute to an applicant's score. These are scheduled through the HTF [capacitybuilding@commerce.wa.gov](mailto:htfcapacitybuilding@commerce.wa.gov) email address. Additional technical assistance and pre-development grants are available by completing a [Technical Assistance Inquiry Form](#).

Application Overviews (Online Sessions):

In May and June 2025, Commerce will be hosting information sessions available online across the state prior to application release, to hear from interested organizations and assist providers with navigating the upcoming application cycle. These presentations include detailed information on application forms and fund source requirements, as well as include special guests from MHU Partners, but will also devote substantial time for Q&A. More open format "office hours" will be scheduled to provide additional opportunities for live Q&A and in-depth discussion of specific issues, and dates for the office hours will be made available through the Commerce website. Sessions will take place in these on these dates:

- HTF Traditional – June 10th
- Federal Specific- June 17th
- AHAH Specific – June 24th
- IDD Specific – June 26th
- Tribal Specific*– July 1st
- ESDS- July 8th

MHU's "sign-up sheet" will be on the [Resources & Trainings](#) page on its website to RSVP.

Schedule for 2026 Application Overviews and Workshops will be announced during that fiscal year.

All of the above will be provided in addition to the standard method of receiving questions via email at the htfapp@commerce.wa.gov inbox. A compiled Q&A document will be posted on the website for each specific NOFA.

During the NOFA Application Period, requests for informational interviews (i.e., for projects not applying to the current round) will be handled through the htfcapacitybuilding@commerce.wa.gov email address.

**The Tribal Specific workshop will not be addressing the Tribal Housing Set-aside, but rather be an information session for Tribal Organizations to learn about the requirements for participating in the HTF Traditional Funding Round.*

Regional Distribution

While MHU has long sought to balance its investments to serve communities across the state, in accordance with the target of awarding “thirty percent of [the] moneys used in any given funding cycle” to projects in Rural areas (see RCW [43.185A.040\(2\)](#)). This requirement was further elaborated in [ESSB 5301](#), which established the requirement to “provide for a geographic distribution on a statewide basis,” ([RCW 43.158A.150\(1\)\(b\)](#)).

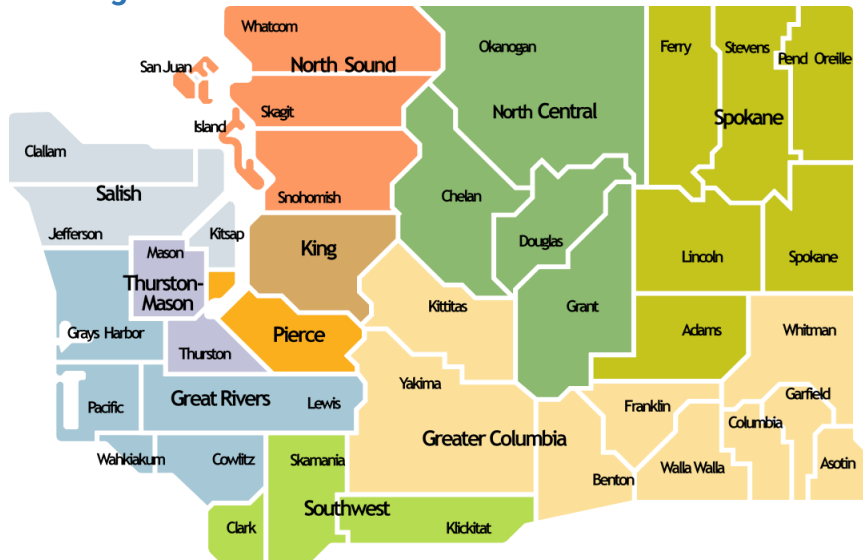
For the Housing Trust Fund investment decisions made by MHU in 2025-27, Commerce will maintain the approximately one-third investment target for Rural, Urban and King County for each competitive application cycle. Provided that doing so does not conflict with the 30% target for Rural projects, MHU will utilize the [ten integrated managed care/behavioral health care regions \(10 Regions\) established by the Apple Health program in pursuance of the geographic distribution requirement](#).

For the AHAA Capital program, Commerce established regional targets as required at [RCW 43.330.187\(5\)\(b\)\(ii\)](#). The 10 Regions framework and The 2050 Affordable Housing Projections required by [ESSHB 1220](#) will serve as the basis of these targets, specifically the number of projected Permanent Supportive Housing (PSH) units needed for households earning <30% Area Median Income (see NOFA and [Growth Management website](#)).

In service of the requirement to provide for a truly statewide distribution of funds, MHU will use the 10-region framework used by the health care sector to align with Medicaid [integrated managed care/behavioral health care regions](#) in the distribution of AHAA Capital Funds. These targets are based on the projected need for Permanent Supportive Housing created by the Affordable Housing Projections developed by [Growth Management](#) (HB 1220). To account for low population areas that do not have access to local match funding, there is a minimum target of \$5,000,000 for each area. The following targets are not hard caps so that eligible projects may receive commitments.

Region	PSH Units needed (#)	Targeted Share of Investment	State Fiscal Year 2026	State Fiscal Year 2027	Soft Target by Region
Great Rivers	3,707	3%	\$1,761,649	\$1,174,433	\$5,000,000
Greater Columbia	10,150	8%	\$4,823,506	\$3,215,671	\$5,000,000
King County	42,993	35%	\$20,431,232	\$13,620,822	\$34,000,000
North Central	2,170	2%	\$1,031,232	\$687,488	\$5,000,000
North Sound	20,771	17%	\$9,870,842	\$6,580,562	\$15,000,000
Pierce County	20,142	16%	\$9,571,928	\$6,381,285	\$12,000,000
Salish	3,644	3%	\$1,731,710	\$1,154,473	\$5,000,000
Southwest	7,589	6%	\$3,606,462	\$2,404,308	\$6,000,000
Spokane	6,664	5%	\$3,166,881	\$2,111,254	\$5,000,000
Thurston-Mason	4,639	4%	\$2,204,556	\$1,469,704	\$5,000,000
Total	122,469		\$58,200,000	\$38,800,000	\$97,000,000

Ten Region Framework



King County

Pierce County

Thurston-Mason

Mason
Thurston

Great Rivers

Cowlitz
Grays Harbor
Lewis
Pacific
Wahkiakum

North Sound

Island
San Juan
Skagit
Snohomish
Whatcom

Salish

Clallam
Jefferson
Kitsap

Spokane

Adams
Ferry
Lincoln
Pend Oreille
Spokane
Stevens

Southwest

Clark
Klickitat
Skamania

North Central

Chelan
Douglas
Grant
Okanogan

Greater Columbia

Asotin
Benton
Columbia
Franklin
Garfield
Kittitas
Walla Walla
Whitman
Yakima

Per Project and Per Applicant Limits

The changes in the 2023 Legislative Session (via ESSB 5301) included “The department may not establish a maximum per-applicant award” ([RCW 43.185A.150](#)). Therefore, in 2025-27, no applicant will be denied funding based solely on exceeding a hard per-applicant limit.

There were discussions during the legislative session about eliminating per-project caps. There are competing priorities regarding the allocation of funds to diverse organizations and communities, and over [170 applicants](#) seeking nearly \$800M in state funding; most of the requests were in the \$3M to \$5M range. Given that the per-project subsidy limits were increased recently (2021), and stakeholders overwhelmingly support the utilization of per-project caps,¹ **Commerce will continue to observe a per-project cap of \$5 million (which can be waivable if warranted by the local circumstances). Note that federal HOME and NHTF dollars are governed by the State’s Consolidated Plan, which similarly established a \$3 million per-project (waivable) cap.**

The department maintains guidelines in the [HTF Handbook](#) to inform applicants and public funders about what level of investment is appropriate to count on. MHU will continue to evaluate when resetting project limits (such as when funding projections are predictable and capable of making statewide investments). In the meantime, it is prudent for the agency to maintain flexibility while maintaining fairness in competitive processes. Therefore, MHU will improve the waiver procedure ([Section 301.2.1](#)) to assist applicants seeking exemptions from the per-project limits. Additional detail on the waiver process will be further defined in the Notice of Funding Availability (NOFA) for each specific competitive funding round. This ensures a level of intentionality and transparency whereby reasons are provided by the applicant and local funders to justify deeper investments before application.

Full Funding and Partial Awards

The legislature instructed Commerce to award such funding as is necessary to complete projects’ financing packages ([RCW 43.185A.150\(7\)](#)):

“Once the department has determined the prioritization of applications, the department must award funding projects at a sufficient level to complete the financing package necessary for an applicant to move forward with the affordable housing project.”

We interpret this as requiring the awarding of the total amount of funding requested by an applicant, provided that doing so does not conflict with any other relevant regulations (i.e. in the case of federal funds), or if arrangements can be made with another public funder to make up the difference. This can occur during the public funders’ coordination process led by Commerce and the WSHFC. Commerce may maintain a waitlist for projects which meet the threshold for readiness but for which sufficient funds are not available in a funding round.²

¹ Feedback during public comment provided almost unanimous agreement to maintain the \$5M cap with waiver provisions. One of the only near consensus responses from the 2023 feedback process.

² Feedback during public comment supported the use of a waitlist to give applicants opportunities to be considered for funding if funding circumstances change.

By and For Investments

By-and-For Organizations are operated by and for the communities they serve. Their primary mission and history is serving a specific community. Such organizations are generally small non-profits that have fewer contracts with, and have received less grant funding from, state agencies than other non-profits. They are culturally based, directed, and substantially controlled by individuals from the population they serve. At the core of their programs, these organizations embody the community's central cultural values. In the affordable housing context, these communities have demonstrated disproportionate representation in homelessness, housing instability, and housing affordability.

Based on national research and statewide data, the following groups or communities have demonstrated disproportionate representation in homelessness, housing instability and housing affordability:

- Black, Indigenous and People of Color including people identified as socially disadvantaged as defined in [13 CFR Sec. 124.103](#)
- People with disabilities
- People who are deaf
- People with behavioral health conditions, including substance use disorder
- People who identify as LGBTQIA+
- Survivors of family violence and/or intimate partner violence
- Incarcerated and formerly incarcerated (Justice Impacted) individuals
- Undocumented individuals, immigrants and refugees, and mixed-immigration-status families and communities

The Housing Division identifies federally recognized Tribes and Nations and Tribally Designated Housing Entities (TDHE) as qualified for these set-asides and are not required to submit an assessment.

The legislature incorporated a 10% target into the permanent statute ([RCW 43.185A.140](#)) and a 20% target in the proviso of the 2023-25 Housing Trust Fund capital budget. This target will be maintained for the 2025-27 biennium.

Budget

Overall:

Commerce proposes to create a 60/40 split of appropriations for Fiscal Year 2025 and 2026. Feedback and analysis gathered through the 2023 and 2024 funding cycles justify a more lateral spread of funding through funding cycles to maximize the utilization of leveraged funds, such as city and county funding, as well as LIHTC's and Bonds. 2024 provided a case study of how leveraged funds were being underutilized during the funding cycle and WSHFC Bonds were not being allocated to projects because of the lack of full funding commitments due to the disparity of available funding to commit for the year and the overall funding asks gathered from the NOFA. In 2024, Commerce had approximately \$92 million available to commit through several NOFA's and received approximately \$355 million in total asks. This demonstrates the need to preserve funding for the 2nd year of the biennia (2026).

In addition, MHU is not reserving funding for gaps caused by inflationary reasons on previously awarded projects. While circumstances justified this strategy in 2021 and 2022, for the 2025 and 2026 cycle, Commerce anticipates returning to more routine allocations administered through competitive funding rounds.

By Source Breakdown:

"Traditional" Housing Trust Fund –\$187,050,000 available to commit

These funds are for the new construction, acquisition, or rehabilitation of affordable housing projects that serve and benefit low-income and special needs populations, including, but not limited to, people with chronic mental illness or behavioral health conditions, farmworkers, people who are experiencing homelessness, and people in need of permanent supportive housing.

- This continues a trend of reducing the number of populations mentioned explicitly in the budget, again allowing Commerce a broader degree of flexibility.
- Applicants will be evaluated compared to projects in the Urban, Rural and King County categories.
- At least 20% of these funds will be prioritized for grants to By-and-For Organizations.
- Permanent Supportive Housing ([RCW 36.70A.030 \(19\)](#)) is a state priority to combat homelessness. Given the state's investment in PSH in the prior biennia, the availability of AHAH Capital, and the limitations on operating subsidies, most PSH projects will be encouraged to participate in AHAH Capital (below). Commerce will blend funding to the extent necessary to advance projects.
- Among the preferences provided in Section 6 of [RCW 43.185A.150](#) will use the scoring criteria to focus on these (the letters are from the RCW)
 - The degree of commitment from programs to provide necessary habilitation and support services for projects focusing on special needs populations (b);
 - Local government project contributions in the form of infrastructure improvements (d) and funding from nonstate entities (o);
 - Projects that demonstrate a strong probability of serving the original target group or income level for at least 40 years (f);

- The applicant has the demonstrated ability, stability and resources to implement the project (g); and
- Projects that demonstrate a strong readiness to proceed to construction (p).

Apple Health and Homes (AHAH) Capital – \$98,500,000 available to commit

Funds are intended to be used by providers to construct permanent supportive housing units or to acquire real property for quick conversion into permanent supportive housing units for individuals eligible for a community support service benefit through the Foundational Community Supports (FCS) program ([RCW 74.09.886](#)).

The Office of Apple Health and Homes will also update the guidelines based on the first round of public input. The Office of Apple Health and Homes, the Health Care Authority and the Department of Social and Health Services will be working with the first three cohorts of capital grantees to continue to review and revise the guidelines and formulate improvements. Version 2 of the AHAH guidelines were released in June, 2023 (available here: <https://www.commerce.wa.gov/building-infrastructure/housing/ahah-psh/ahah-program/>).

AHAH is a targeted initiative that serves a specific population to align health care and housing resources. The AHAH capital program will only fund PSH projects, not all of which will be AHAH restricted to promote flexibility in the initiative. Applicants will be able to indicate how many AHAH units the development can commit to, and Commerce may blend funding to finance a project.³

These guidelines will resemble the Addendum to the 2022 NOFA released in February 2023 (<https://deptofcommerce.app.box.com/s/phsqana1a6k6adbbx6veir8pqf03h3ud>).

- AHAH funds can only fund construction, acquisition, or acquisition/rehabilitation projects and are not intended for preservation activities of projects/units that are already low-income restricted.
- Projects funded by AHAH funds will be income-restricted, with at least a portion of the units restricted to AHAH-eligible populations at lease-up ([RCW 43.330.187](#)).
- To the extent projects include non-PSH units, funds may be blended with other state and federal funds. There may be situations where AHAH capital funds are appropriate and necessary to be the sole source of funds to acquire or develop an entire project.
- The \$5M per project limit applies but may be increased with a waiver request. Flexibility with AHAH investments is expected in regions that have not historically produced permanent supportive housing.
- The regional targets will be set based on **the number of PSH units estimated** from the Affordable Housing projections generated by the HB 1220 planning process.⁴ These targets will serve as soft caps and will not restrict funding from being deployed quickly. Outreach and supports for higher utilization statewide is taking place (see below).
- At least 10% of these funds will be prioritized for organizations that can be considered as aligning with the definition of By-and-For Organizations.
- Projects within each region will be evaluated and scored by MHU for readiness, and the Office of Apple Health and Homes, DSHS and the Health Care Authority as well as the Coordinating Entity (Amerigroup) staff on programmatic characteristics.

³ Feedback received during public comment period highlighted the need to have flexibility in deploying funds regionally, including places where referrals may be limited and thus high concentration of units may not work.

⁴ Affordable Housing Projections by County for 2050 (HB1220): [Growth Management website](#).

- Commerce may consider administering supplemental solicitations to reach regions struggling to implement PSH in 2025, subject to capacity and fund availability.

Outreach and technical assistance are available through a contract with Enterprise Community Partners through 2025 to assist organizations with the design and siting of these projects. Interested parties should notify the Capacity Building Outreach and Support Team of their interest in the program at htfcapacitybuilding@commerce.wa.gov.

Capital Set Aside for Housing Persons with Intellectual/Developmental Disability (IDD) – \$48,500,000

Affordable housing projects that serve and benefit low-income people with Developmental or Intellectual Disabilities will be invited to apply under the NOFA released with the Traditional funds. Commerce actively consults with DSHS to prepare and administer the applications. A new IDD-specific application form (“Addendum”) has been drafted in collaboration with DSHS, as a result of staff input and in response to directives in the Capital Budget.

- IDD applicants will be evaluated only in comparison with other IDD projects.
- There will be no regional targets, and funding will be included in the overall investment reporting collected by Commerce.
- There have been modifications to the Combined Funders Application (CFA) to simplify the development of scattered site budget *pro formas* for the 2025 application.
- Applicants seeking non-state funds and/or developing housing serving multiple populations will experience a streamlined application using the CFA.
- Commerce will continue to develop relationships with applicants to promote the development of IDD housing, including further modifications to the application itself.

HOME and National Housing Trust Fund (NHTF) – \$6,124,000

These funds are for the new construction, acquisition, or rehabilitation of affordable housing projects that serve and benefit low-income and special needs populations, including, but not limited to, people with chronic mental illness, families with children, people who are experiencing chronic homelessness, and people with special needs.

Applicants must submit a complete Federal Application to be considered for the funds; Commerce will not offer HOME or NHTF funds *after the fact*. The documentation is consistent with the CFA and Traditional Application but captures additional required information. As the State-level Participating Jurisdiction (PJ), Commerce encourages applications for projects located in areas without an established local-level PJ – also known as “Balance of State” or “non-Entitlement” areas – to apply for these funds.

The Rural and By-and-For targets discussed above are not specifically required for these funds, however, Commerce will strive to meet those standards for all federal awards

Regarding both HOME and NHTF, Commerce intends to implement substantive changes in 2025 to provide updates pursuant to the HOME Final Rule.

Continuing Affordability (CA) – up to \$5,000,000

There has been success in using this acquisition funding to preserve valuable, affordable housing and critical rental assistance at USDA properties, and there is strong support for expanding the

acquisition programming through Commerce. Timely state funding commitments impact the preservation of these projects, and Commerce is researching its ability to mitigate the risks of loss of properties by offering a competitive round this year. Commerce will administer one round of Continuing Affordability in July, 2025.

Continuing Affordability (CA) - Projects preserving affordable multifamily housing at risk of losing its affordability due to expiration of use restrictions that otherwise require affordability.

Housing Preservation Program (HPP) – up to \$43,500,000

HPP previously was only administered once a biennium and due to increased demand, Commerce will plan to administer NOFA's for each year of the biennium.

- HPP funds will be awarded as Grants.
- Ten percent of these funds will be prioritized for organizations that can be considered as aligning with the definition of By-and-For Organizations;
- The Geographic categories of Urban, Rural and King County will be used.
- Commerce will include investment information in regional reports.

Housing Preservation Program (HPP) - Projects preserving and extending the affordability commitment period for projects already in the housing trust fund portfolio. The funds may be provided for major building improvements, preservation, and system replacements, necessary for the existing housing trust fund portfolio to maintain long-term viability.

Predevelopment Grant Funds: Available \$2,010,000

MHU's [Capacity Building Outreach and Support](#) program is implementing the next phase of capacity building work by providing direct grants to organizations who have not received prior competitive awards. These are intended to address financial barriers of By-and-For and rural organizations to access Commerce capital funding. The application for this funding will include both affordable housing and community facilities. Grant amounts will be for amounts up to \$150,000 to cover specific project development costs required for a capital application. The program website is available here: <https://www.commerce.wa.gov/programs/research-services/planning-predesign-capital-equity-program/>

Tribal Housing Set-aside: Available \$21,500,000

Tribal Housing Set-aside will be Capital Funding available specifically for Federally Recognized Indian Tribes pursuant to ESSB 5195, Section 1021, Subsection H(i). Future announcements will be made regarding the Tribal Set-aside NOFA. Commerce's Multifamily Housing Unit and Office of Tribal Relations are currently coordinating to conduct Community Outreach in order to thoughtfully administer the Tribal Set-aside funding in a manner that represents the voices of our Tribal Communities throughout the State.

Application Review/Scoring

Commerce recognizes that the investment decisions made during these competitive rounds may be difficult to understand. There are substantial influences on the decision-making process that incorporates local government priorities and regional distribution, so efforts are being made to better communicate and make these decisions transparently. Commerce utilizes robust underwriting criteria to develop priority ranking, but decisions relating to restricted fund sources and distribution of funds are difficult to quantify. Therefore, we are considering ways to document and provide clarity to communities seeking funds about how the decisions will be made. Each funding source has unique characteristics, but generally, Commerce is prioritizing the following for its 2025-27 investments.

Priorities (Quantitative)

Projects applying for Traditional, IDD and AHAH funding will be evaluated based on these programmatic characteristics. The Total Project Score will be based on the number of points awarded as detailed below to the maximum number of points applicable to that project. These quantitative metrics account for a majority of the evaluators' decisions.

Priorities	Score Range	Max Score
1. Tier 1, 2 & 3	0 to 10	10
2. Populations Served	1 to 20	20
3. Creation of New Units ⁵	0 to 10	10
4. Need	1 to 10	10
5. Size & Development Costs ⁶	0 to 15	15
6. Level of MHU Investment	0 to 15	15
7. Project Scope & Housing Model*	0 to 20	20
8. Organizational Review ⁷	0 to 10	10
Total Maximum Score (if all elements apply)		110

*Applications serving homeless youth are reviewed by the Office of Homeless Youth and include scoring by persons with lived experience; Applications serving IDD are reviewed by DSHS and persons with lived experience; and PSH projects are evaluated by the Office of AHAH, DSHS and HCA.

Tiering Projects

Projects will be placed into Tiers (1,2 &3) based on the readiness of projects to move forward. Tier 1 projects will be prioritized for funding, and Tier 2 projects will be considered for funding, whereas Tier 3 projects will be placed into a waitlist and not considered for funding. The waitlist will be a way for applicants to be considered for the following years funding round without having to complete an entirely new application. The waitlist applications may require some updates based on

⁵ Public input recommended reducing the priority given to New Units and New Construction. New Construction brings new housing units into communities, and Commerce retained a prioritization. The scoring will balance this effectively through a holistic scoring process.

⁶ For clarification, Development Costs and MHU Investment are calculated based on comparison in Urban-Rural-King. Commerce moved "size" to item 4 as a more appropriate placement, but did not change the prioritization.

any legislative changes, or changes in scope of work or budget for the project. Waitlisted projects are not guaranteed funding, and will still be evaluated against the total pool of submitted applications for the following funding round.

- **Tier 1 Applications (Max 10 points)**
 - Tier 1 applications demonstrate that the project will be ready to execute contracts and begin construction or placed in service within 6-12 months of receiving award letter. Permits have been acquired, or path to obtaining permits has been detailed within 6-12 months of an award letter, and full funding has been secured and committed*.
- **Tier 2 Applications (Max 5 points)**
 - Tier 2 applications will have the same qualifications as Tier 1 applications, however, the time frame for projects in Tier 2 will be within 12-15 months of receipt of an award letter.
- **Tier 3 Applications (0 points)**
 - Tier 3 applications will be projects that will require 15 or more months to execute contracts or place in service and will not be considered for funding in the funding round in which they were submitted. Tier 3 applications will be compiled into a waitlist for the following funding round.

*Commitments for 4% Bonds/9% Tax Credits are not required for Tier 1 award recommendations, however, coordination with WSHFC to determine priority projects will be considered, and support of projects applying for 4%/9% from WSHFC will determine award recommendations in that situation. Full funding will also take into account the funding request for the current funding round of HTF, where Commerce should be the last funding in a projects capital stack, with the exception of the 4%/9% WSHFC commitments.

Determinants (Qualitative)

Commerce evaluators engage with local funders and evaluate the ranked projects in consideration of the geographic distribution and populations served. These include and carry different weight in different state regions. For example, not every community prioritizes farmworker or IDD housing each funding cycle, and local areas have different access to matching funds. Commerce factors its analysis of the statewide distribution into its review, but it will not utilize regional funding caps this biennium. Commerce will give consideration to these variables:

- Local Prioritization – Public funder input
- Rural Target of at least 30%
- By-and-For Target of at least 10 or 20% investment (depending on the program)
- Availability of Restricted Funds: IDD and AHAH Capital, for example.

In King County – the evaluation of determinants will be managed in consultation with the following entities:

- King County
- City of Seattle
- ARCH
- Sound Transit
- SKHHP (South King Housing & Homelessness Partners)

Statewide, most communities give the highest priority to projects including Low Income Housing Tax Credits (LIHTC) due to the amount of leverage generated. Therefore, Commerce will be making decisions in coordination with WSHFC on the 4% and 9% tax credit rounds.

Future Plans and Improving Efficiencies

MHU is dedicated to improving the efficiencies of the unit, ranging from improving the timeframes of award determinations and announcements, to contracting, and maintaining the long-term sustainability of the HTF Portfolio.

Application Review Improvements

Application reviews have historically been a process that is time consuming. MHU is strategizing improvements to this process. Some strategies being analyzed now include:

- Risk Assessments conducted on an annual basis for all organizations currently in the HTF Portfolio.
- Pipelining (or waitlisting) applications that are not successful in the funding round they applied to being placed on a tier list, similar to WSHFC's Tier List process. Organizations would not be required to re-submit an application in its entirety, but rather provide an updated budget workbook and any pertinent updates to the project.
- Removing the requirement for Phase I ESA's to be no more than 12 months old at time of application submittal if no changes to site occurred or site is unoccupied/unused at time of ESA.

Capacity Building and Outreach Services

Evaluation of the best use of CBOS funding is currently underway. CBOS funding has historically been used in predominantly two ways, Technical Assistance and Pre-development grants. MHU is analyzing how to most effectively utilize the funding appropriated for Pre-Development Technical Assistance.

- Should CBOS funds be utilized solely for technical assistance to: emerging developers, Community Based Organizations/By-and-For Organizations and rural housing providers in order to expand the accessibility of HTF Funding to more organizations
- Should the funds be dedicated to provide pre-development grant funding to assist organizations with the expenses incurred prior to obtaining capital funding through the HTF NOFA process; pre-development grants provide funding for architectural costs, site assessments and more requirements necessary for accessing capital funding through HTF.